

MEMORANDUM OF AGREEMENT

Between

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY (FSA)

and

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

BACKGROUND

Wetlands Reserve Program (WRP) easement valuation requires NRCS to consider the crop base value when filing easements. Beginning in 2006, along with the inception of the new appraisal procedures (Uniform Appraisal Standards for Federal Land Acquisitions, i.e. Yellow Book), it is necessary that NRCS have the landowner complete the CCC-505 (Voluntary Permanent Direct and Counter-Cyclical Program, DCP, Base Acres Reduction) and provide with map sets needed to complete the appraisals. The completion of this form early in the easement filing process provides the information necessary for the appraiser to evaluate the crop base value. The landowner will need information from FSA and NRCS to make an informed decision whether he wishes to move the crop base or have NRCS value the crop base in its option to purchase the easement.

Regulations require that any crop bases existing on acreage enrolled in the WRP must be either retired or transferred from the easement area. If NRCS pays for the value of the bases in purchasing the easement, the bases must be retired. Also, if the landowner has no land to transfer the crop base to, the base must retire after the easement is filed. Base retirement may reduce or eliminate other USDA program benefits (Direct Counter Cyclical Program). As part of this process, the appraiser must consider whether to include the value of the bases in the appraisal process, and NRCS and FSA must know whether the bases were purchased by the agency. Current policy requires that NRCS **HAVE THE LANDOWNER COMPLETE** the form.

Although CCC-505 forms were sent to the NRCS State Office for the 2006 WRP applicants, several were incomplete and will need to be re-addressed with the landowner. In addition, NRCS has agreed with FSA's request to complete this process for the eight 2005 applicants. Seven have closed, and no bases were purchased from the 2005 participants.

POLICY

1. NRCS will contact the landowner and schedule a meeting where both agencies can help the landowner complete the CCC-505 form.
2. NRCS will provide a tract map with the easement area delineated.

3. FSA will provide to the landowner the following information so that the landowner can make an informed decision:
 - a. DCP cropland acres (open tillable acres) on the tract containing the easement area and on any other farm or tract owned by the landowner, if the landowner requests.
 - b. Free acres (cropland acres not already committed to a program such as CRP and WRP) that can receive transferred base acres on the tract containing the easement and free acres on any other farm or tract owned by the landowner, if the landowner requests.
 - c. Total base acres by commodity available to the landowner.
 - d. Total base acres by commodity currently assigned to the tract containing the easement.
 - e. State average crop yields by commodity and any other yield information as requested by the landowner.
4. NRCS will ensure that the landowner declares whether he wishes NRCS to consider the purchase of available base acres, which must be reflected in column 10 of the CCC-505 as a reduction, or will transfer base acres and does not want NRCS to include the purchase of crop base acres in the easement offer. The remarks section of the form should also have one of the following statements written:

“The landowner wishes NRCS to consider the value of the crop bases in the appraised value.”

“The landowner will transfer crop bases and does not want NRCS to consider the value of the bases in the appraised value.”
5. The entire form must be completed, but the CCC-505 is **NOT** to be signed by the landowner or FSA. A copy of the form **WILL NOT** be provided to FSA at this time. If FSA retains a signed copy and enters the information into their system, the landowner’s crop base will be retired and cannot be transferred or re-instated.
6. The completed CCC-505 forms will be mailed by NRCS to the NRCS State Office. Once the easement is filed, the NRCS State Office will return the CCC-505 to the county FSA offices for processing and final disposition of crop bases.

7. Only the landowner can make the decisions concerning retirement or transfer of bases. Both agencies should provide only the requested information and help the landowner fill out the form correctly.

U. S. DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

_____/s/_____
Acting State Executive Director 12/04/06
Date

NATURAL RESOURCES CONSERVATION SERVICE

_____/s/_____
State Conservationist 12/04/06
Date

Enclosure